

# *Basic Financial Statements*



## STATEMENT OF NET ASSETS

June 30, 2011 (In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
<b>ASSETS</b>				
Pooled cash and investments	\$ 1,869,417	82,420	1,951,837	128,251
Cash with fiscal agents	20		20	
Investments with fiscal agents	383,774		383,774	36,086
Receivables, net	579,090	5,808	584,898	6,326
Property taxes receivables, net	150,621		150,621	
Internal balances	(2,965)	2,965		
Inventories	12,904	1	12,905	
Deposits with others	15		15	
Prepaid items	379		379	2
Deferred charges	13,396		13,396	
Restricted assets:				
Cash with fiscal agents	490		490	1,288
Investments with fiscal agents	68,082		68,082	
Lease receivable	14,306		14,306	
Capital assets:				
Land, easements and construction in progress	485,857	24,152	510,009	
Other capital assets, net of accumulated depreciation/ amortization	2,571,006	140,682	2,711,688	
<b>Total assets</b>	<b>6,146,392</b>	<b>256,028</b>	<b>6,402,420</b>	<b>171,953</b>
<b>LIABILITIES</b>				
Accounts payable	162,900	896	163,796	102,532
Accrued payroll	43,338	219	43,557	
Accrued interest	25,473		25,473	
Unearned revenue	270,760	49	270,809	
Non-current liabilities:				
Due within one year	144,090	430	144,520	55
Due in more than one year	1,929,618	1,564	1,931,182	19
<b>Total liabilities</b>	<b>2,576,179</b>	<b>3,158</b>	<b>2,579,337</b>	<b>102,606</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,675,240	163,268	2,838,508	
Restricted for:				
Creditors - Capital projects	24,550		24,550	
Grantors - Housing assistance	76,504		76,504	
Donations	3,363		3,363	
Laws or regulations of other governments:				
Future road improvements	121,180		121,180	
Maintenance, operation and construction of criminal justice facilities and courthouses	24,411		24,411	
Defray administrative costs, other general restrictions	16,208		16,208	
Teeter tax loss	22,264		22,264	
Mental health	27,603		27,603	
Vector control	13,227		13,227	
Fingerprinting equipment purchase and operation	8,526		8,526	
Improvement and maintenance of recorded document systems	14,300		14,300	
Housing repairs and improvements	164		164	
Other purposes	177,508		177,508	
First 5 Commission				69,347
Unrestricted	365,165	89,602	454,767	
<b>Total net assets</b>	<b>\$ 3,570,213</b>	<b>252,870</b>	<b>3,823,083</b>	<b>69,347</b>

**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2011 (In Thousands)

Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Unit
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Governmental Activities:								
General government	\$ 229,767	92,085	40,043	22,822	(74,817)		(74,817)	
Public protection	1,128,967	235,913	383,097	40	(509,917)		(509,917)	
Public ways and facilities	130,239	21,022	80,672	2,074	(26,471)		(26,471)	
Health and sanitation	721,939	111,300	536,949		(73,690)		(73,690)	
Public assistance	1,191,559	19,105	1,168,204		(4,250)		(4,250)	
Education	35,734	1,064	2,337	393	(31,940)		(31,940)	
Recreation and cultural	36,699	7,576	644		(28,479)		(28,479)	
Interest expense	106,381				(106,381)		(106,381)	
Total governmental activities	3,581,285	488,065	2,211,946	25,329	(855,945)		(855,945)	
Business-type activities:								
Airport	12,876	11,301	1,513			(62)	(62)	
Sanitation Districts	21,699	20,431				(1,268)	(1,268)	
Wastewater Management	5,806	6,509	31			734	734	
Total business-type activities	40,381	38,241	1,544			(596)	(596)	
Total primary government	3,621,666	526,306	2,213,490	25,329	(855,945)	(596)	(856,541)	
Component Unit:								
First 5 Commission	\$ 144,550		35,289					(109,261)

**Continued**

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2011 (In Thousands)

(Continued)	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
Changes in net assets:				
Net (expense) revenue	\$ (855,945)	(596)	(856,541)	(109,261)
General revenues				
Taxes:				
Property taxes	580,570		580,570	
Other taxes	16,207		16,207	
Property taxes in lieu of vehicle license fees	303,625		303,625	
Sales and use taxes	22,457		22,457	
Total general tax revenues	922,859		922,859	
Investment earnings	22,024	582	22,606	1,958
Other	104,260	7	104,267	
Total general revenues	1,049,143	589	1,049,732	1,958
Transfers	(778)	778		
Total general revenues and transfers	1,048,365	1,367	1,049,732	1,958
Change in net assets	192,420	771	193,191	(107,303)
Net assets at beginning of year	3,377,793	252,099	3,629,892	176,650
Net assets at end of year	\$ 3,570,213	252,870	3,823,083	69,347



**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2011 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and investments	\$ 1,286,610	4,712	4,935	382,299	1,678,556
Cash with fiscal agents	20				20
Investments with fiscal agents	2		383,772		383,774
Receivables, net	465,866	36,214	4,873	68,272	575,225
Property taxes receivables, net	149,980			641	150,621
Due from other funds	34,625			21,545	56,170
Inventories	10,187			1,385	11,572
Deposits with others				15	15
Prepaid items	48			331	379
Restricted assets:					
Cash with fiscal agents	156			334	490
Investments with fiscal agents				68,082	68,082
Lease receivable	6,299			8,007	14,306
<b>Total assets</b>	<b>1,953,793</b>	<b>40,926</b>	<b>393,580</b>	<b>550,911</b>	<b>2,939,210</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	101,157			33,007	134,164
Accrued payroll	39,890			2,363	42,253
Due to other funds	36,813	19,237	967	19,707	76,724
Deferred revenues	128,164			47,438	175,602
Unearned revenue	253,389			16,870	270,259
<b>Total liabilities</b>	<b>559,413</b>	<b>19,237</b>	<b>967</b>	<b>119,385</b>	<b>699,002</b>
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
<b>Not in spendable form:</b>					
Loans, due from other funds and prepaids	1,070			3,748	4,818
Inventories and deposits with others	10,187			1,400	11,587
<b>Restricted for:</b>					
Creditors - Debt service				77,454	77,454
Creditors - Capital projects				24,550	24,550
Grantors - Housing assistance	55,338			21,166	76,504
Donations	3,363				3,363
<b>Laws or regulations of other governments:</b>					
Future road improvements				118,781	118,781
Maintenance, operation and construction of criminal justice facilities and courthouses	24,411				24,411
Fund purpose		21,689		87,127	108,816
Other purposes	131,844			21,963	153,807
<b>Committed to:</b>					
Realignment health, mental health and social services	69,297				69,297
Unforeseen catastrophic events	55,500				55,500
Capital projects' funding	353,165			6,971	360,136
Health			392,613		392,613
Other purposes	36,777			68,366	105,143
<b>Assigned to:</b>					
Other purposes	40,614				40,614
Unassigned	612,814				612,814
<b>Total fund balances</b>	<b>1,394,380</b>	<b>21,689</b>	<b>392,613</b>	<b>431,526</b>	<b>2,240,208</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,953,793</b>	<b>40,926</b>	<b>393,580</b>	<b>550,911</b>	<b>2,939,210</b>

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS June 30, 2011 (In Thousands)

Total fund balances - governmental funds	\$ 2,240,208
Capital assets used in governmental activities (excluding internal service funds) are not current financial resources and, therefore, are not reported in the balance sheet. This amount represents capital assets net of accumulated depreciation.	2,995,149
Unamortized issuance costs - bonds, notes and loans payable deferred charges (to be amortized over the life of the debt).	13,396
Accrued interest on long-term debt.	(25,469)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenue in the statement of activities.	175,602
Long-term liabilities, including bonds, notes, and loans payable, are not due and payable in the current period and, therefore, are not reported in the balance sheet.	(1,931,002)
Internal service funds are used by management to charge the costs of information technology, vehicle operations and maintenance, employee benefits, public liability, road and communications services, materials and supplies (purchasing), and facilities services to individual funds; to make loans for start-up services for new and existing county service districts; and for the financing of clothing and personal sundry items for persons institutionalized at various county facilities. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	102,329
Net assets of governmental activities	\$ 3,570,213

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 894,222			40,515	934,737
Licenses, permits and franchise fees	42,643			8,501	51,144
Fines, forfeitures and penalties	51,826			2,441	54,267
Revenue from use of money and property	24,479		4,709	10,357	39,545
Aid from other governmental agencies:					
State	904,749	202,809		84,843	1,192,401
Federal	818,217			126,951	945,168
Other	57,874			14,197	72,071
Charges for current services	320,966			38,273	359,239
Other revenue	51,542			38,944	90,486
<b>Total revenues</b>	<b>3,166,518</b>	<b>202,809</b>	<b>4,709</b>	<b>365,022</b>	<b>3,739,058</b>
<b>Expenditures:</b>					
Current:					
General government	209,293		171	13,826	223,290
Public protection	1,079,836			8,541	1,088,377
Public ways and facilities	5,543			56,424	61,967
Health and sanitation	671,276			42,746	714,022
Public assistance	1,055,530			129,102	1,184,632
Education	957			33,642	34,599
Recreation and cultural	30,637			2,417	33,054
Capital outlay	21,965			164,377	186,342
Debt service:					
Principal	26,735			37,281	64,016
Interest and fiscal charges	15,044			82,246	97,290
Bond issuance costs				349	349
Payment to refunded bond escrow agent				3,437	3,437
<b>Total expenditures</b>	<b>3,116,816</b>		<b>171</b>	<b>574,388</b>	<b>3,691,375</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>49,702</b>	<b>202,809</b>	<b>4,538</b>	<b>(209,366)</b>	<b>47,683</b>
<b>Other financing sources (uses):</b>					
Sale of capital assets	414			2,259	2,673
Issuance of bonds and loans:					
Premium on issuance of refunding bonds				1,237	1,237
Refunding bonds issued				19,260	19,260
Payment to refunded bond escrow agent				(18,774)	(18,774)
Transfers in	274,448			152,163	426,611
Transfers out	(151,061)	(185,919)	(24,200)	(69,347)	(430,527)
<b>Total other financing sources (uses)</b>	<b>123,801</b>	<b>(185,919)</b>	<b>(24,200)</b>	<b>86,798</b>	<b>480</b>
<b>Net change in fund balances</b>	<b>173,503</b>	<b>16,890</b>	<b>(19,662)</b>	<b>(122,568)</b>	<b>48,163</b>
<b>Fund balances at beginning of year</b>	<b>1,220,108</b>	<b>4,799</b>	<b>412,275</b>	<b>554,221</b>	<b>2,191,403</b>
<b>Increase (decrease) in</b>					
Nonspendable inventories	769			(127)	642
<b>Fund balances at end of year</b>	<b>\$ 1,394,380</b>	<b>21,689</b>	<b>392,613</b>	<b>431,526</b>	<b>2,240,208</b>

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2011 (In Thousands)

Net change in fund balances - total governmental funds	\$ 48,163
Governmental funds accrue property tax revenue which is deemed collectible within 60 days. However, for the statement of activities the total amount estimated to ultimately be collected is accrued.	(11,878)
Revenues that do not provide current financial resources are not reported as revenues in the funds (deferred revenue) but are recognized as revenue in the statement of activities.	11,643
Adjustment to nonspendable inventories.	642
Change in accounting estimate for closure and postclosure costs - (public protection function) - San Marcos Landfill.	492
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	83,607
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	11,616
The issuance of long-term debt (e.g. bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	69,678
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(11,507)
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (or expense) of internal service funds is reported within governmental activities.	(10,036)
Change in net assets - governmental activities	\$ 192,420

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

June 30, 2011 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Pooled cash and investments	\$ 82,420	190,861
Receivables, net	5,808	3,865
Due from other funds	259	22,871
Inventories	1	1,332
Total current assets	88,488	218,929
Noncurrent assets:		
Due from other funds	3,363	60
Capital assets:		
Land	11,565	
Construction in progress	12,587	
Buildings and improvements	114,787	
Equipment	1,169	133,183
Software		67,137
Road infrastructure	6,445	
Sewer infrastructure	85,764	
Accumulated depreciation/amortization	(67,483)	(138,606)
Total noncurrent assets	168,197	61,774
Total assets	256,685	280,703
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	896	28,736
Accrued payroll	219	1,085
Accrued interest		4
Due to other funds	1,055	4,944
Unearned revenue	49	501
Loans payable	254	855
Capital lease payable		27
Compensated absences	176	938
Claims and judgments		36,352
Total current liabilities	2,649	73,442
Noncurrent liabilities:		
Loans payable	1,312	3,766
Capital lease payable		185
Compensated absences	252	1,336
Claims and judgments		99,247
Total noncurrent liabilities	1,564	104,534
Total liabilities	4,213	177,976
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	163,268	61,502
Unrestricted net assets	89,204	41,225
Total net assets	\$ 252,472	102,727

### Reconciliation between net assets - enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets

Total net assets	\$ 252,472
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	398
Net assets of business-type activities	\$ 252,870



## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended June 30, 2011 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for current services	\$ 38,241	300,321
Other revenue	7	4,764
Total operating revenues	38,248	305,085
Operating expenses:		
Salaries and employee benefits	7,043	35,342
Repairs and maintenance	6,982	30,225
Equipment rental	991	1,054
Sewage processing	13,517	
Contracted services	4,151	151,279
Depreciation/amortization	5,377	15,899
Utilities	249	21,457
Cost of material		5,818
Claims and judgments		47,657
Fuel	2	11,614
Other	1,845	5,478
Total operating expenses	40,157	325,823
Operating income (loss)	(1,909)	(20,738)
Nonoperating revenues (expenses):		
Grants	1,544	6,315
Investment earnings	582	810
Interest expense	(102)	(325)
Gain (loss) on disposal of assets	(29)	265
Total nonoperating revenues (expenses)	1,995	7,065
Income (loss) before capital contributions and transfers	86	(13,673)
Capital contributions		406
Transfers in	1,109	6,759
Transfers out	(331)	(3,621)
Change in net assets	864	(10,129)
Net assets (deficits) at beginning of year	251,608	112,856
Net assets (deficits) at end of year	\$ 252,472	102,727

### Reconciliation between changes in net assets - enterprise funds and changes in net assets of business-type activities as reported in the government-wide statement of activities

Change in net assets	\$ 864
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(93)
Change in net assets of business-type activities	\$ 771

# STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended June 30, 2011 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 31,586	12,052
Cash received from other funds	6,885	302,922
Cash payments to suppliers	(27,396)	(226,614)
Cash payments to employees	(7,055)	(35,193)
Cash payments to other funds	(1,010)	(13,566)
Cash paid for claims and judgments		(30,157)
Net cash provided (used) by operating activities	3,010	9,444
Cash flows from noncapital financing activities:		
Operating grants	9,173	7,055
Transfers from other funds	1,109	6,759
Transfers to other funds	(331)	(3,621)
Payments received on advances to other funds		47
Principal paid on long-term debt		(767)
Interest paid on long-term debt		(275)
Proceeds from loans		655
Net cash provided (used) by noncapital financing activities	9,951	9,853
Cash flows from capital and related financing activities:		
Capital contributions		3
Acquisition of capital assets	(9,121)	(9,433)
Proceeds from sale of assets		834
Principal paid on long-term debt	(243)	
Principal paid on capital lease		(30)
Interest paid on long-term debt	(102)	(36)
Interest paid on capital lease		(14)
Net cash provided (used) by capital and related financing activities	(9,466)	(8,676)
Cash flows from investing activities:		
Investment earnings	628	872
Net increase (decrease) in cash and cash equivalents	4,123	11,493
Cash and cash equivalents - beginning of year	78,297	179,368
Cash and cash equivalents - end of year	82,420	190,861
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(1,909)	(20,738)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Decrease (increase) in accounts receivables	(121)	(2,613)
Decrease (increase) in due from other funds	7	8,457
Decrease (increase) in inventory	(1)	18
Increase (decrease) in accounts payable	(695)	(9,135)
Increase (decrease) in accrued payroll	20	118
Increase (decrease) in due to other funds	352	4
Increase (decrease) in unearned revenue	12	(140)
Increase (decrease) in compensated absences	(32)	74
Increase (decrease) in claims and judgments		17,500
Depreciation/amortization	5,377	15,899
Total adjustments	4,919	30,182
Net cash provided (used) by operating activities	3,010	9,444
Non-cash investing and capital financing activities:		
Capital acquisitions included in accounts payable	441	440
Governmental contributions of capital assets	\$	403

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

June 30, 2011 (In Thousands)

	Investment Trust Funds	Agency Funds
<b>ASSETS</b>		
Pooled cash and investments	\$ 3,425,355	355,515
Cash with fiscal agents		1,325
Investments with fiscal agents	353	
Receivables:		
Accounts receivable		3,144
Investment earnings receivable	5,243	7,354
<b>Total assets</b>	<b>3,430,951</b>	<b>367,338</b>
<b>LIABILITIES</b>		
Accounts payable		21,763
Warrants outstanding		191,227
Accrued payroll		33
Due to other governments		154,315
<b>Total liabilities</b>		<b>367,338</b>
<b>NET ASSETS</b>		
Held in trust for pool participants	3,430,597	
Held in trust for individual investment accounts	354	
<b>Total held in trust</b>	<b>\$ 3,430,951</b>	

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

For the Year Ended June 30, 2011 (In Thousands)

	Investment Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Contributions to investments	\$ 6,122,777
Total contributions	6,122,777
Investment earnings:	
Net increase (decrease) in fair value of investments	(5,467)
Investment earnings	24,913
Total investment earnings	19,446
Total additions	6,142,223
<b>DEDUCTIONS</b>	
Distributions from investments	5,856,824
Total deductions	5,856,824
Change in net assets	285,399
Net assets at beginning of year	3,145,552
Net assets at end of year	\$ 3,430,951